HONOURABLE SRI JUSTICE GODA RAGHURAM

WRIT PETITION No. 1919 of 2007

DATED: 05-02-2007

Between:

L.Sunder Reddy

...Petitioner

and

The Chief Manager,
Canara Bank, M.G.Road,
Park Lane, Secunderabad

...Respondent.

HON'BLE SRI JUSTICE GODA RAGHURAM

W.P.No. 1919 of 2007

ORAL ORDER:

The writ petition is misconceived.

One Smt B.Sunitha Reddy w/o George Reddy, resident of North Lalaguda had availed a loan of Rs.32 lakhs from the Canara Bank, M.G.Road Branch on 8-1-2003 for business purposes and executed a hypothecation agreement with the Bank. The petitioner executed a guarantee agreement on 8-1-2003 and mortgaged his house towards collateral security for the loan sanctioned and disbursed to Sunitha Reddy. Apparently there was a default in repayment of the dues by Sunitha Reddy to the Bank. Treating the account as NPA the Bank initiated proceedings under Section 13 (2) of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (for short 'the Act'). The property of the petitioner guaranteed to the Bank towards collateral security for the loan in question has been included in the notice under Section 13 (2) of the Act.

The petitioner states that the principal borrower had filed W.P.No.25290 of 2006 assailing the notice. This Court by an order dated 7-12-2006 granted stay of all further proceedings pursuant to the action initiated under the provisions of the Act.

Apprehending that further steps under Section 13 (4) of the Act would be taken, the present writ petition is filed.

The liability of the petitioner is independent of that of the principal debtor and the Bank is at liberty to pursue its remedies against the collateral secured property offered by the petitioner to support the loan obtained by the principal borrower. The mere fact that a stay was granted prohibiting further steps against the principal borrower will not relieve the guarantor of his obligations under the guarantee agreement. No grounds are made out for interference with further proceedings pursuant to the notice issued under Section 13 (2) of the Act. There are no merits in the writ petition.

The writ petition is accordingly dismissed at the stage of admission. There shall be no order as to costs.

GODA RAGHURAM, J

05-02-2007
GRR